



Control Number: 49219



Item Number: 3

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**TARIFF CONTROL NO. 49219**

**COMPLIANCE FILING OF AEP  
TEXAS, INC. FOR A STANDARD  
TRUE-UP OF RIDER  
TC-3-TRANSITION CHARGE-3  
RATES**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

2019 FEB 26 PM 8

**COMMISSION STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation in response to a Notice Requiring Staff's Recommendation and would show the following:

**I. BACKGROUND**

On February 12, 2019, AEP Texas, Inc. (AEP) filed a Standard True-Up compliance filing concerning Rider TC-3 – Transition Charge-3 Rates. AEP requests an effective date of February 28, 2019, the first billing cycle of AEP's March billing month.

On February 14, 2019, a Notice Requiring Staff's Recommendation was issued, establishing a deadline of February 26, 2019, for Staff to file a recommendation regarding the accuracy of the adjustment to the transition charges. This pleading is therefore timely filed.

**II. RECOMMENDATION**

As detailed in the attached memorandum from Nancy Palma in the Commission's Rate Regulation Division, Staff has reviewed AEP's filing and determined that AEP's adjustment to the transition charges is accurate. Staff therefore recommends that AEP's proposed 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates – Rider TC-3, Revision Eight be approved as filed on February 12, 2019, and deemed effective on the first billing cycle of March 2019 (February 28, 2019). Staff also recommends that AEP be required to file a clean copy of 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates – Rider TC-3, to be stamped *Approved* by the Commission's Central Records division and retained for future reference.

### III. CONCLUSION

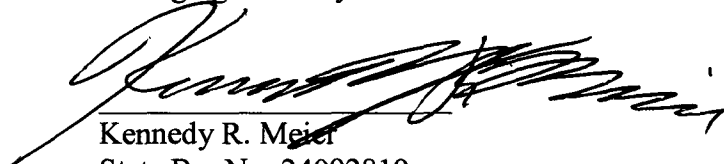
For the reasons stated above, Staff recommends that AEP's proposed revisions be approved and that AEP be required to file a clean copy of the relevant tariff sheets to be stamped *Approved* and retained for future reference.

Respectfully Submitted,

#### PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton  
Division Director

Katherine Lengieza Gross  
Managing Attorney

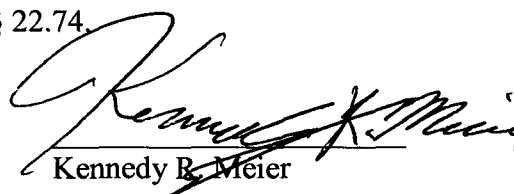


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#### CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 26<sup>th</sup> of February, 2019, in accordance with 16 TAC § 22.74.



Kennedy R. Meier

**Public Utility Commission of Texas**

**Memorandum**

**TO:** Kennedy Meier, Legal Division

**FROM:** Nancy Palma, Tariff & Rate Analysis, Rate Regulation Division

**RE:** **Tariff Control No. 49219** – *Compliance Filing of AEP Texas, Inc. for a Standard True-Up of Rider TC-3 – Transition Charge-3 Rates*

**DATE:** Tuesday, February 26, 2019

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On February 12, 2019, AEP Texas Inc. (“AEP”) filed for an annual standard true-up of its Section 6.1.1.2.3.1 - Initial / Adjusted Transition Charge-3 Rates - Rider TC-3 tariff (“Rider TC-3”). The Financing Order in Docket No. 39931, which securitized stranded costs associated with the deregulation of certain assets, requires AEP to file a standard true-up as described in Rider TC-3.<sup>1</sup> The purpose of AEP’s standard true-up is to correct for any over or under-collections and ensure timely payment of transition bonds based on rating agency and bondholder considerations. AEP is requesting that the proposed rates be effective on the first billing cycle of March 2019.

AEP states that it has over-collected its total transition charges by \$2,768,746 with all transition charge rate classes in a position of over-collection. AEP’s proposed Rider TC-3 reflects an adjustment for these over-collections, as well as AEP’s current requirement to collect \$75,255,600 to pay for principal, interest, and other charges necessary to satisfy its bond payment obligations from the period of March 1, 2019 through February 29, 2020.

I have reviewed AEP’s filing and determined that the adjustments to Rider TC-3, as shown in Attachment 2 to the filing, are appropriately calculated and adequate to collect for AEP’s scheduled transition bond payments obligations during the effective period. I therefore recommend that AEP’s proposed *6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates - Rider TC-3, Revision Eight* be approved as filed on February 12, 2019. I also recommend that AEP be required to file a “clean” copy of 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates - Rider TC-3, to be stamped “Approved” by the Commission’s Central Records Division and retained for future reference.

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<sup>1</sup> *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order at Finding of Fact No. 81 (Jan 12 2012).